

**PROJECT DESCRIPTION**  
**ERMAKS ETHNIC FOODS PROCESSING AND MARKETING**  
**OAG**

**I. Introduction**

This appendix describes the activities to be undertaken and the results to be achieved with the funds obligated under this agreement. Nothing in this Appendix A shall be construed as amending any of the definitions, conditions, or terms of the Agreement.

**II. Background**

Ermaks is a sole proprietorship that produces and markets 12 different traditional African food products, including cashews, multi-cereal, gari, and pepper sauce. While its competitors focus primarily on the export market, Ermaks has established a strong presence in the local market. Given the increasing popularity of packaged African ethnic and snack foods in the local market, the company faces increasing demand for its products. To meet this demand, the company must address the lack of production capacity, working capital and capable managerial skills to support increased sales.

**III. Funding****A. ADF Contribution**

The financial plan for ADF's contribution is set forth in Appendix A-1 to this Agreement. The Parties may make changes to the financial plan without formal amendment, if such changes are made in accordance with Article 7 of the Agreement and do not cause ADF's contribution to exceed the obligated amount specified in Article 3, section 3.1 of the Agreement.

**B. Grantee Contribution**

The Grantee will contribute the time and labor of its management team and employees to the project.

**IV. Project Goal**

The goal of the project is to promote employment growth and income enhancement for the poor in Ghana.

**V. Project Purpose**

The purpose of the project is to improve the Grantee's prospects for sustained expansion as indicated by the development of a comprehensive five-year business plan that ADF deems suitable for funding by a donor or other financial institution.

## VI. Project Outputs

- A. Implementation of a fully functional financial management system certified as compliant with ADF and investor management reporting requirements as indicated by:
- generation of regular financial reports and audited accounts; and
  - accounts procedures manual utilized by management team.
- B. A business plan that clearly establishes the profitability, viability, and sustainability of the business including:
- a detailed market research of local market consumer trends and distribution channels;
  - a growth strategy and strategic road map for local market focused ethnic foods sales;
  - a project financing plan and financial projections; and
  - project implementation plan.
- C. A functioning governance structure and management team capable of executing the business plan as demonstrated by:
- registration of the company as a limited liability company;
  - a functioning board of directors that has made strategic decisions;
  - documented organizational structure, with clear communication and reporting lines, and administrative procedures.
- D. Efficient production technology and environment operating at best practice standards as demonstrated by:
- full compliance with hazard analysis and critical control point (HACCP), food safety, and good manufacturing practice (GMP) standards;
  - environmental assessment with remediation plan developed;
  - production layout and design for new production facility developed;
  - production and logistics planning system established; and
  - testing of new technology alternatives and production processes


## VII. Major Activities to be financed under the Agreement

### A. Financial Management

Ermaks will implement an entirely new accounting and financial management system, including training of an accounting officer and implementation of accounting software.

### B. Business Planning and Market Development

Ermaks will undertake primary market research and develop a comprehensive

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business and operational plan to position the business for leveraging future funding.

C. Management and Governance

Ermaks will hire a Business Manager, Accounting Officer and Quality Controls Officer and will train managers and production staff. Ermaks will also register as a limited liability company and establish administrative and business operating policies and procedures.

D. Production Enhancement

Ermaks will conduct a food safety audit, develop and implement factory safety and an environmental assessment. Ermaks will research and test new processing technology to improve and enhance production.

VIII. Roles and Responsibilities of the Parties

ADF's Partner INPRODEC will provide the necessary standard ADF training in bookkeeping, monitoring and assessment. Ermaks is responsible for ensuring the proper management and implementation of the Project. The ADF partner in Ghana will provide Ermaks with technical management assistance during the implementation of the project.

IX. Monitoring and Evaluation

INPRODEC will closely monitor the activities of Ermaks to ensure proper reporting, adherence to the project implementation plan by the Grantee and movement towards the achievement of project objectives. INPRODEC will continuously assess the project risk and take remedial actions as needed. Monitoring by INPRODEC will be an important aspect of the ongoing coaching and advisory service. INPRODEC will review Ermaks quarterly reports and will submit comments and observations to the management of Ermaks as part of the annual project evaluation. The two organizations will jointly design the evaluation process and Ermaks will incorporate the findings of the evaluation into their annual report.

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